



The evolution of the CIO/CFO relationship: shaking hands or butting heads?

By Robert Gothan, CEO and founder of Accountagility

The look and feel of the boardroom has changed dramatically over the past 10 years. With job titles like CHRO, CMO and CSO now commonplace, the sheer number of C-level individuals present has made it increasingly difficult to demonstrate the unique value that each of these roles brings to the business.

The arrival of these positions has also created new challenges for the CFO. After decades of working across departments ranging from IT to HR, modern CFOs had finally begun to focus exclusively on finance again – but the new look of the boardroom means that this too is now changing.

CFOs are increasingly finding themselves competing for resources and attention with other C-suite executives, most notably the CIO, as both of these individuals need to tap into the important business insights that the firm's data can provide. After all, this information is essential when it comes to making recommendations to support the firm's growth and add strategic value to the business.

In the past, the analysis of this data used to sit firmly with the CIO, but the overlap with these roles in recent years has begun to muddy the waters. As a result, these two roles are now faced with a choice; they can either form a partnership to leverage this information for the benefit of the wider business, or they can continue to lock horns over who will be responsible for making executive decisions.

Growing frustrations

Frustration with the IT function is not uncommon, but it is especially noticeable within the financial services sector. Project delays, insufficient resources and endless restrictions can lead to ongoing tension between the CFO and CIO.

A further spoke in the wheel comes from the budgetary freedom awarded to CIOs, whether perceived or real. The increase of so-called 'vanity projects' which use up capital and resource on highly technical projects, yet provide questionable value to the business, has left some CFOs feeling resentment and frustration.

Another common complaint is that IT departments fail to make the needs of the finance function a priority in many cases. As a result, finance staff are often forced to rely on ineffective tools, which not only puts additional pressure on internal resource, but also heightens corporate risk.

Increasing collaboration

In a majority of organisations, the responsibilities assigned to both the CFO and CIO are designed to keep business operations running efficiently, whilst also shaping the company's future growth strategy. As such, in order to understand each other better, these individuals should start by considering what their roles have in common, rather than focusing on their differences.

A report from EY, 'The CFO Agenda', showed a clear desire for these two roles to collaborate on a day-to-day





basis. In fact, more than 6 out of 10 CFOs (61%) said that they have already seen increased levels of collaboration in the past three years – often as a direct result of involving themselves in the IT agenda and adding value to the CIO by managing costs and profitability across the business. Whilst this relationship is still by no means perfect, findings like these demonstrate a willingness to work together for the greater good of the business.

The convergence of technology and investment strategy has increased this need for collaboration even further. Now more than ever, any disconnect between these two roles will be to the detriment of the business, and could jeopardise technological advancements. As CFOs mainly contribute to IT from a cost point of view, rather than one of strategy, a better working relationship between these two roles will be essential if businesses want to keep their competitive edge in today's digital economy.

Building communication

There are many reasons why a CFO and CIO may find it difficult to communicate effectively, however; in some cases it is just a question of language. After all, whilst the CFO talks in finance terms, the CIO is more accustomed to the vocabulary of technology.

Of course, there are bound to be personality differences to contend with too. CIOs, for example, can be big-picture thinkers, focusing on new ideas, whereas CFOs usually value detailed plans, logic and a focus on creating results. Whilst these generalisations do not hold true for all cases, it is still important for CIOs and CFOs to be aware of their differences and potential barriers to effective communication.

In order to sidestep potential pitfalls like these, many CFOs are implementing a 'Business Partnering' approach, whereby they provide regular commercial and economic insights for the business to input into wider strategies. The current socio-political climate, for example, provides ample opportunity for today's CFOs to provide the board with guidance on how to plan, budget and forecast for any volatility on the horizon.



This approach will help the CFO and CIO to speak the same language, and thus help to diminish any lingering friction between their respective departments. Ultimately, the relationship between these two roles can – and will – directly affect a company's success, so it is vital that these two individuals are able to come together to provide high level, macroeconomic ideas to move the business forward.

The power of partnership

In today's business world, technology is crucial not only to operational excellence, but also to a company's overall success. As a result, CFOs are becoming increasingly aware of the strategic value that IT has to an organisation and are increasingly seeing it as a vital tool that will enable the business to achieve its broader efficiency goals.

To make the CFO/CIO partnership a successful one, both of these individuals must therefore work as peers and take joint responsibility for driving innovation in an organisation, using IT as the engine. Although this relationship that has historically focused on cost, bold investment decisions on IT spending must now be made jointly by these two boardroom heavyweights. For this reason, the CFO's involvement in the IT agenda will need to increase going forward, so that the CFO and CIO can work together to bring data-driven decisions into the core of the organisation's future strategy. 🌐

Author information

Robert Gothan, CEO at Accountagility, empathises with both sides to this debate. In his early years, his previous roles include CFO of a Lloyds' Broker & finance controller of a managing agency in the Lloyds market. As a finance process problem-solver, he has advised organisations on many areas within the finance function including treasury, tax, planning, group accounting, reporting and expenses. However, becoming frustrated at the lack of technology available to support the demanding requirements of the finance function, in 2008 Robert began designing software to solve these challenges. This became the ORYX Suite, a robust yet user-friendly platform which can provide the complete "end-to-end" process automation experience, but in a finance-friendly way. So from CFO to IT entrepreneur, Robert understands more than anyone, the importance of CFO and CIO business partnering to jointly drive the business to success.